FitchRatings

FITCH UPGRADES FOUR TRANCHES OF FONDO DE TITULIZACION DE ACTIVOS BBVA-2 FTPYME ICO

Fitch Ratings-London-13 October 2003: Fitch Ratings, the international rating agency, has today upgraded the ratings of four series of notes issued by Fondo de Titulizacion de Activos BBVA-2 FTPYME ICO and affirmed five as follows:

Series ACA: Affirmed at 'AAA';
Series ASA: Affirmed at 'AAA';
Series BCA: Upgraded from 'AA+' to 'AAA';
Series BSA: Upgraded from 'AA' to 'AAA';
Series CCA: Affirmed at 'AA+';
Series CSA: Upgraded from 'A' to 'A+';
Series DCA: Affirmed At 'AA+';
Series DSA: Upgraded from 'BBB' to 'BBB+', and
Series ESA: Affirmed at 'BB'.

BBVA-2, the fund and issuer, is a special-purpose company incorporated under the laws of Spain with limited liability. Its sole purpose is the acquisition of bilateral loans from the originator, Banco Bilbao Vizcaya Argentaria S.A. (BBVA, rated 'AA-/F1+), as collateral for the issuance of fixed-income securities. The assets of BBVA-2 are subscribed to by Europea de Titulizacion, a Sociedad Gestora. The Sociedad Gestora is a special-purpose management company with limited liability, incorporated under the laws of Spain.

At closing the notes were backed by a EUR899,973,955 portfolio of bilateral loans granted to small and medium-sized non-financial corporate entities domiciled in Spain. The portfolio balance remained at the original level for the first 2.5 years, during which time amortised loans were substituted quarterly with other bilateral loans originated by BBVA, subject to the eligibility criteria. This replenishment period ended on 31 July 2003, on which date the pool began to amortise. There is an optional clean-up call when the portfolio balance falls to 20% of the original balance.

Fitch has carried out a review of the transaction and its performance to date. The total amount of outstanding delinquencies is 3.34% of the initial portfolio while 0.42% of the pool is more than three months delinquent and 0.23% more than six months. These levels are lower than Fitch's initial assumptions when rating the deal. There have been no losses to date; however, a very small volume of defaults has passed through the full workout process. Given slightly higher than expected prepayment rates the balance of the portfolio is likely to fall to the clean-up call level with 2.5 years.

Deal information and historical performance data for this transaction are available on the agency's subscription web site, www.fitchresearch.com.

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